

Federal Bureau of Investigation

U. S. Department of Justice

1300 Liberty Trust Building
Philadelphia Pennsylvania

16 October 1937

PERSONAL AND ~~CONFIDENTIAL~~

Director
Federal Bureau of Investigation
Washington, D. C.

RE: Grand Jury Investigation, Philadelphia,
Gambling and Vice.

Dear Sir:

Reference is made to my letter addressed to you under personal and ~~confidential~~ cover dated September 20, 1937.

For your information, and in order that you can keep abreast of what is transpiring with regard to the present Grand Jury inquiry on alleged gambling and vice racketeering in Philadelphia, and charges that the Philadelphia Police Department is involved, etc., when Charles F. Kelley, Philadelphia County Prosecutor, presented the alleged facts to Judge Bok, he submitted no doubt along with additional information as to existing conditions the report of Mayor Wilson's own Crime Committee which the Mayor had several months ago turned over to Kelley who at that time made a public statement that the report contained insufficient evidence. Shortly thereafter, the Ruth Legislative Committee was empowered to make an investigation or survey of the Philadelphia county courts because of rumored wholesale "reconsideration of sentences" imposed by the courts causing many dangerous criminals to be released, etc.

Attorney Chet Keys was given charge, and the work begun. Shortly afterwards the Mayor announced the arrest by the Philadelphia Police of a Pennsylvania Motor Patrolman for tapping the wires of Louis F. Wilegarde, the Mayor's private secretary. The patrolman on being arraigned before a local magistrate admitted tapping the wires, and named as his authority for so doing a captain of the Pennsylvania Motor Patrol. The newspapers severely criticized the Ruth Committee and the State Police, resulting in Wilson announcing himself as a candidate for governor of Pennsylvania, but mentioning no party affiliation. Although a Democrat, he was elected Mayor on the Republican ticket defeating John B. Kelly, chairman of the Democratic City Committee in a hard fought battle. That was in 1935.

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He charged that Gaffney who is now a member of the Board of City Trusts with refusing for ten years to permit the people of Philadelphia to examine their books. This began while Wilson was Deputy Comptroller and later City Comptroller of Philadelphia, and is still active.

He charges Gray with having represented and defended the notorious Nig Rosen, New York and Philadelphia gangster, in a big case recently tried in the Philadelphia courts in which John A. Boyle, present Assistant District Attorney, in charge of the instant Grand Jury investigation and the investigation of the Philadelphia Police, was the Rosen prosecutor, intimating that the Committee could not be fair to the police. Wilson charges Bok with knowing evidence sufficient to render District Attorney Kelley incompetent, and for Attorney General Margiotti to supersede Kelley in the Grand Jury investigation. Bok had been Assistant District Attorney for some years prior to going on the bench. The Mayor again demanded a thorough investigation of the Police and the District Attorney's office.

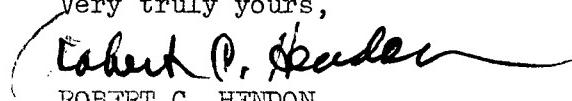
The newspapers are now saying that if the result of this investigation is merely that a few policemen, etc., including even captains are turned up, and that they cannot get to the bigger city officials that the ultimate result will be "Wilson going to higher places."

Wilson openly charges Pew, Cooke and Kelley as leaders of the Republican party with being responsible for police protection if any exists, and claims to have proof, etc.

On October 4, 1937, the Grand Jury returned indictments against five well-known Philadelphia gamblers most of whom have been operating gaming houses in Philadelphia for many years. Charlie Kaelker, widely known international gambler was one of those indicted. He operated the Havana Casino in Cuba, and it has now become public information that he was financed in that project by Jerry Loughhein, well-known Philadelphia sportsman and a former Republican leader.

On October 5, 1937, Margiotti held conferences with Judge Bok, and later had dinner with Wilson in Philadelphia, the result being that Bok requested Margiotti to supersede Kelley, and abolish the Harrison Committee. It is now rumored that the investigation may become state wide.

Very truly yours,



ROBERT C. HENDON

Special Agent in Charge

Director

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and broadcast the proceedings over the radio. The Philadelphia newspapers to date have refrained from accusing or supporting anyone of these various departments, the result being that the Grand Jury for a time, and still may be considering taking the matter in their hands, and it appears that Judge Bok might welcome such a procedure.

To date nothing much has been said of vice. Newspaper clippings are being forwarded regularly to the Bureau, and you will be kept advised presently by ~~confidential~~ letters, and if anything develops involving any of these law enforcement agencies, you will also be advised.

The Pennsylvania State Liquor Control Board has announced publicly that approximately seven hundred tap rooms in Philadelphia are gambling joints, and claimed they have proof that the gambling fraternity of Philadelphia pays the license fees for the gambling concessions. Licenses to conduct tap rooms in Philadelphia and Pennsylvania are issued by the Liquor Control Board which naturally brings that board before public attention.

Judge Bok the other day, according to newspaper reports, named a committee of lawyers to check on the District Attorney's office aided by Harrison, and including three other very prominent attorneys. Then Harrison called upon the Mayor to turn his evidence of Kelley's incompetency over to him, but the Mayor refused. Then rumors became circulated that Bok had contemplated issuing a warrant for Wilson's arrest for contempt. Wilson publicly defied Bok, and Bok answered by saying that he had no such intentions.

Wilson then told the public everything he knew concerning the Harrison Committee which was composed of Walter Biddle Saul, prominent Philadelphia Attorney; Joseph P. Gaffney, former City Solicitor; William A. Gray, the well-known national criminal lawyer and investigator. Wilson told of how Saul had been involved in the case of the Philadelphia Company for Guaranteeing Mortgages, which case caused quite a scandal in the newspapers, and was recently dropped by the United States Department of Justice at Philadelphia. As you recall, agents of this office made an accounting investigation in that case, and recently Assistant United States Attorney General Brien McMahon came to the Federal courts in Philadelphia, and the case was dropped. Wilson told this to the newspapers. He also told of Saul being a defendant in his, the Mayor's, pending personal suit against the Philadelphia Board of Education.

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The Mayor's term of office expires in 1939. The Governor's election is next year. The Philadelphia City Comptroller automatically succeeds the Mayor in the event of death, resignation, etc. The Comptroller is Dr. Robert S. White, a Democrat.

Jay Cooke, City Chairman, and Joseph N. Pew, Jr., of the Sun Oil Company, are the present leaders of the Republican party in Philadelphia. Pew had backed Wilson for Mayor, but after being elected, he and the Mayor fell out politically, but the general public never knew why. As the days went along it became rather clear that Pew and the Mayor were attempting to fix things up politically. This was prior to the recent primary election. Then, suddenly, Mr. Austin Meehan, rather a well-known Philadelphia and New York contractor, announced himself as a candidate for the Republican nomination for City Treasurer before that primary electorate which was held about three weeks ago opposing Will B. Hadley, the regular Republican nominee and known political foe of Wilson. It was thought by the people that Meehan might withdraw before the primary, but he didn't. Then it was seen that Meehan was being sponsored by Wilson. The result of the election was the nomination of the entire Republican and Democrat slates, but Meehan polled a very heavy vote. In fact, he carried eight wards out of the fifty-one in the city which is remarkable, of course, for a primary election.

On the next day after the election, District Attorney Kelley resubmitted the same Wilson Crime Commission report to Judge Bok that he had previously said contained no evidence. Bok directed the Grand Jury to make its inquiry. Kelley, of course, as District Attorney, had authority to conduct the proceedings. Wilson contended that Kelley was incompetent, and Judge Bok then named Earl G. Harrison as Amicus Curia to represent him before the Grand Jury; and, of course, to represent the Mayor. Wilson still contended that Kelley was incompetent, making a public statement that he could so prove the incompetency, and demanded that State Attorney General Charles J. Margiotti supersede Kelley in the inquiry resulting in Judge Bok's statement that the Judge had every confidence in Kelley. Wilson then made several trips to Harrisburg, and conferred with the Attorney General, presenting according to newspapers 20,000 cases in which the Philadelphia police had made arrests, 15,000 gambling cases and 5,000 vice and other cases in which there were incompetent prosecutions, etc.

Judge Bok then considered extending the Grand Jury inquiry to include all law enforcement agencies in Philadelphia such as Sheriff's Office, Parole Office, etc. Wilson then made a public statement that if the Attorney General would not supersede the District Attorney, he would make his own investigation,